

TACOMA-PIERCE COUNTY HEALTH DEPARTMENT
Pierce County, Washington
January 1, 1991 Through December 31, 1991

Schedule Of Findings

1. Payroll Charges To Federal Programs Should Be Supported By Time And Effort Records

Pierce County Social Services (PCSS) contracted with the department to provide methadone treatment. The contract requires the department to provide a specific number of client contact hours every month. The contract states that the county shall reimburse the department for:

... not more than ninety percent of the reimbursable cost of the contract services.

The contract also states payments to the department for these services:

... shall be made in equal monthly installments on a cost related basis.

The methadone program maintains records of client contacts in client files in order to report client contact hours. However, the methadone program does not have a system for recording employee time and effort spent on the county contract. Payroll cost codes are preassigned to individual time sheets based upon the approved budget and personnel assignments. This results in the recording of budgeted time charges as actual time charges. There is no assurance the "... equal monthly installments ..." paid by the county represent actual cost incurred for contract purposes, nor is there assurance the county is not reimbursing more than 90 percent of the actual program costs.

The "Common Rule" for *Uniform Administrative Requirements for Grants and Cooperative Agreements To State And Local Governments* and OMB Circular A-87, Cost Principles, establish standards for documentation and allowability of costs chargeable to federal grant programs. Among the standards are:

- a. Grantee financial management systems shall provide for records that identify adequately the source and application of funds for grant supported activities (Common Rule).
- b. Amounts charged to grant programs for personal services will be based on payrolls supported by time and attendance or equivalent records for individual employees (OMB Circular A-87).
- c. Salaries and wages of employees chargeable to more than one cost objective must be supported by time distribution records (OMB Circular A-87).

Program personnel were unaware of the appropriate methodology for maintaining documentation to support payroll charges to federal programs.

We recommend the department establish a time reporting system, including written procedures and appropriate subsidiary records, that complies with the standards set forth in the "Common Rule" and OMB Circular A-87.

2. Well Child Program Internal Controls Need Improvement

Our review of the Well Child program identified the following weaknesses in internal controls over program income:

- a. There is no comprehensive system for recording or tracking amounts due from clients for program services.
- b. There are no procedures to ensure invoicing or collection of all claims eligible for Title XIX reimbursement.

The Uniform Administrative Requirements For Grants And Cooperative Agreements To States And Local Governments (Common Rule), Section .20(b)(3) states:

Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

As a result of these weaknesses, records of services provided to clients are not reconciled to cash receipts information reported to the finance office to account for funds received. Further, because of these weaknesses, loss of program funds could occur and not be detected.

We recommend management design and implement a comprehensive system to account for program income.

3. Methadone Program Reporting Accuracy Should Be Improved

Pierce County Social Services (PCSS) contracted with the department to provide methadone treatment. The contract requires the department to report client information to PCSS every month. The contract also requires the department to bill Title XIX for all eligible clients. We compared client information reported to PCSS and billed to Title XIX with client records. We found data transcription errors associated with three of ten client files examined. While the errors did not have a financial impact, uncorrected errors could result in improper Title XIX payments and inaccurate grant reporting. These errors were not detected because the methadone clinic did not perform a review of the accuracy of data reported to PCSS or billed to Title XIX.

We recommend the department establish a system to ensure the accuracy of Title XIX billings and grant reports prior to submission in order to prevent or detect data transcription errors.